



*Andrew Junkin
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Managing Director*

September 14, 2007

Dr. Russell Read
Chief Investment Officer
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Supplemental Income Plans Policy

Dear Russell,

You requested Wilshire's opinion with respect to the proposed policy for the Supplemental Income Plans. Wilshire has evaluated the policy and recommends that the Policy Subcommittee approve it.

This is a new policy which outlines the investment policy for the various Supplemental Income Plans. The policy largely uses the new format for policies with minor variations due to the unique nature of the Supplemental Income Plans. It outlines the responsibilities of Staff, the Third Party Administrator, internal and external Investment Managers and the Consultant – all of which are appropriate and prudent given the nature of the plans. In addition, the policy delineates the responsibilities of the participants of the Supplemental Income Plans for those participants who do not use the default investment options. This is also appropriate as these participants become an important part of the overall success of their investment portfolio.

Overall, we view this policy as an appropriate and comprehensive policy for the Supplemental Income Plans and recommend that the Policy Subcommittee approve this policy.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read 'Andrew Junkin', is written over a light blue horizontal line.